



Norman H. Bangerter  
Governor  
Dee C. Hansen  
Executive Director  
Dianne R. Nielson, Ph.D.  
Division Director

# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
801-538-5340

November 6, 1990

TO: Board of Oil, Gas and Mining  
THRU: Dianne R. Nielson, Director *DN*  
THRU: Lowell P. Braxton, Associate Director, Mining *LPB*  
FROM: D. Wayne Hedberg, Permit Supervisor *DWH*  
RE: Request for Board Concurrence, Form of Replacement Reclamation Surety, Interstate Brick Company, Jim Gay Mine, M/049/005, Utah County, Utah

The Division requests the Board of Oil, Gas and Mining's approval on the form of replacement reclamation surety as provided by Interstate Brick Company (IBC) for the Jim Gay mine site. Interstate Brick Company was recently acquired by Pacific Coast Building Products (PCBP). Although PCBP is the new parent company, IBC will remain the responsible operator for continued development and ultimate reclamation of this mine property.

The Board approved the original amount and form of reclamation surety for the Jim Gay Mine on October 2, 1987. Fred A. Moreton & Company is the surety company guaranteeing the surety bond.

Copies of the executive summary, surety estimate in 1996 dollars, location map, new Reclamation Contract (FORM MR-RC) and replacement surety bond is attached for your reference. Upon the Board's acceptance of the revised information, the Division will forward a final approval of the replacement surety to IBC. Thank you for your time and consideration in completing this permitting action.

jb  
Attachments  
MNM049005.1

DOGM MINERALS PROGRAM

CHECK LIST FOR BOARD APPROVAL  
OF  
FORM AND AMOUNT OF SURETY

Mine Name JIM GAY MINE

File No. M/049/005

Item	Provided		Remarks
	Yes	No	
Executive Summary	X		
Location Map	X		
Reclamation Bond Estimate	X		1996 DOLLARS
Signed Reclamation Contract	X		
Signed Power of Attorney/ Affidavit of Qualification	X		
Bond	X		Surety bond
Surety Signoff (Other State/Federal Agencies)		X	

## EXECUTIVE SUMMARY

Prepared November 8, 1990

Mine Name: Jim Gay Mine  
Operator: Interstate Brick Company  
9780 South 5200 West  
West Jordan, Utah 84084  
Telephone: (801) 561-1471  
Contact Person: Harvey P. Cahoon

I.D. No: M/049/005  
County: Utah  
New/Existing: Existing  
Mineral Ownership: Private, BLM  
Surface Ownership: Private  
Lease No.(s): N/A  
Permit Term: 5 years

Life of Mine: 35 years

Legal Description: Sections 12 and 13, T7S, R1W, and Section 7, T7S, R1E, SLBM

Mineral(s) to be Mined: Clay

Mining Methods: Surface Mine

Acres to be Disturbed: 50 Acres

Present Land Use: Rangeland and mining

Postmining Land Use: Rangeland

Variances from Reclamation Standards (Rule R613) Granted: R613-004-111 (9) and  
R613-004-111 (7) Highwalls

### Soils and Geology:

Soil Description: Saline, sodic, gravelly sandy loam, moderate to well drained

pH: 8.2 - 8.5

Special Handling Problems: Moderate erosion hazard

Geology Description: Manning Canyon shale formation (Paleozoic) - Highly fractured and  
faulted interbedded limestone and clays (shales).



Hydrology:

Ground Water Description: Water table is located below the zone of mining. However, due to the highly fractured nature of the limestone in the area, several small seeps and one spring discharge from the pit highwalls.

Surface Water Description: Except for a small spring issuing from a limestone highwall in on of the pits, there is no perennial water on the permit area. No significant intermittent or ephemeral channels are found within the disturbed area.

Water Monitoring Plan: None required. Insignificant impact to water resources.

Ecology:

Vegetation Type(s); Dominant Species: Sagebrush Community; Big Sage, Downy Brome, Broom Snakeweed

Percent Surrounding Vegetative Cover: 42 percent

Wildlife Concerns: None

Surface Facilities: None

Mining and Reclamation Plan Summary: . . . . .

During Operations:

1. No additional surface disturbance is proposed as future clay removal will occur within presently disturbed areas. Open pit mining of the clay seams will proceed along strike. Overburden will be ripped by bulldozer, backfilled into mined-out portions of the pit where practical, or placed on existing dumps. The clay will then be ripped by bulldozer, loaded into end-dump trucks and transported to on-site stockpiles.



Following Operations:

1. All disturbed areas, including roads and pads, which were constructed, upgraded or used for on-site operations will be reclaimed upon final termination of mining activities.
2. Overburden material will be stabilized and graded to a rounded configuration with slopes not exceeding 2:1 (h:v). All highwalls not specifically exempted by the Division will be rounded and graded to a 1:1 slope or less.
3. As topsoil was not stockpiled prior to the initial surface disturbance at this site, subsoil materials will serve as substitute topsoil medium for revegetation. Appropriate amendments will be utilized to supplement the subsoil upon final reclamation.
4. Standard agronomic practices will be used to prepare the seedbed for drill and/or broadcast seeding. Disturbed areas will be reclaimed with native vegetative species.
5. All equipment and extraneous debris will be removed from the minesite.
6. Pursuant to an approved variance request to R613-004-111(7), Interstate will not reduce the existing highwalls cut into the competent limestone on the northern edge of the main pit. Division approval was based on the determination that reduction to a 45 degree slope would result in excessive damage to the undisturbed land above the highwall.
7. Due to the topography, geology, and nature of the mining operation, removal of clay has created an impounding depression. The Division has approved a variance request to R613-004-111(9) based on the determination that water impounded on this site is ephemeral in nature as it is quickly dissipated by seepage and evaporation.

Surety:

Amount: \$61,816

Form: Surety Bond, Fred A. Moreton and Company

Renewable Term: 10 years (1996 dollars)

BOND ESTIMATE SUMMARY FOR THE JIM GAY MINE  
INTERSTATE BRICK COMPANY  
ACT/049/005

Estimate Updated as of September 1986 - J.R. Harden

BOND ESTIMATE SUMMARY

A.	Removal of Structures and Equipment	\$ 0
B.	Removal of Trash	\$ 3,010
C.	Revegetation	\$ 25,862
D.	Safety	\$ 16,957
E.	Foundation Elimination	\$ 0
F.	Monitoring	\$ 2,102

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SUBTOTAL	\$ 47,931
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Contingency & Contractural @ 10%	\$ 4,793
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TOTAL ESTIMATE IN 1986\$	\$ 52,724
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Escalation @ 1.62% per year (MEANS)

TOTAL ESTIMATE IN 1991\$	\$ 57,135
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TOTAL BOND AMOUNT REQUIRED	\$ 57,000
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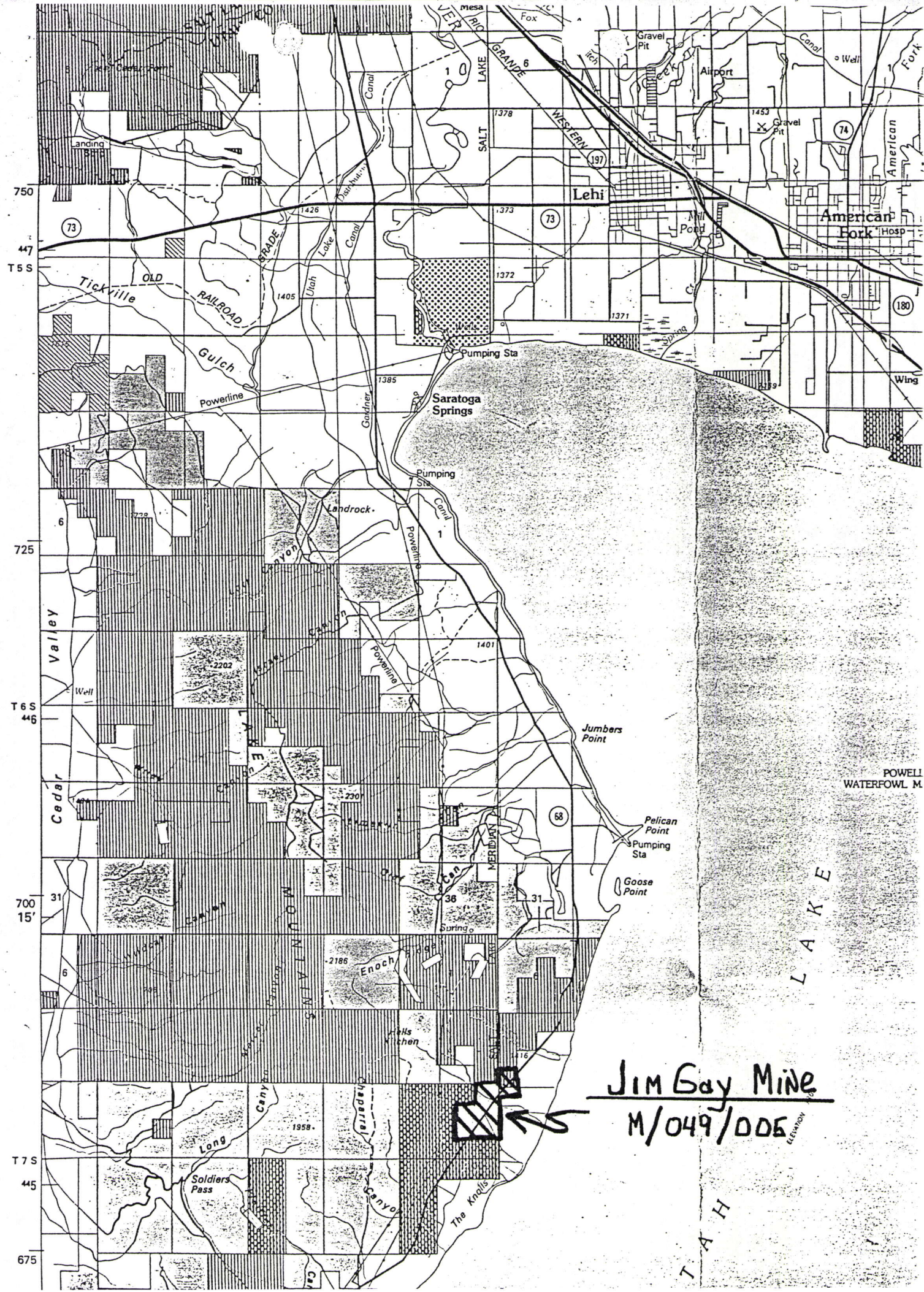
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0457R-63

UPDATE JUNE 1987

10 year Bonding Period (1987-1996)	\$ 61,816
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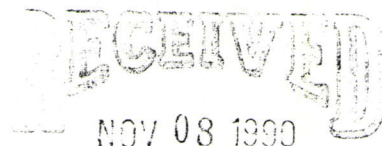
JIM Gay Mine

M/049/006



STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION of OIL, GAS and MINING

355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
(801) 538-5340



RECLAMATION CONTRACT

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DIVISION OF  
OIL, GAS & MINING

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/049/005  
(Mineral Mined) CLAY

"MINE LOCATION":  
(Name of Mine) Jim Gay  
(Description) See mine location map

"DISTURBED AREA":  
(Disturbed Acres) 50 acres  
(Legal Description) Parts of Sections 7, 12, 13, T.7S., R.1 W., and part of Section 7 T. 7 S., R. 1. E. SLB & M

"OPERATOR":  
(Company or Name) INTERSTATE Brick comp.  
(Address) 9780 S. 5200 W  
W. Jordan UT 84084  
(Phone) 561-1471

"OPERATOR'S REGISTERED AGENT":

(Name)

Interstate Brick Company

(Address)

9780 South 5200 West

West Jordan, Utah 84084

(Phone)

(801) 561-1471

"OPERATOR'S OFFICER(S)":

David Lucchetti, President

Pacific Coast Building Products

"SURETY":

(Form of Surety - Exhibit B)

Surety Bond

"SURETY COMPANY":

(Name, Policy or Acct. No.)

St. Paul Fire & Marine Ins. Co.  
Bond

"SURETY AMOUNT":

(Escalated Dollars)

\$61,816

"ESCALATION YEAR":

1996 Dollars

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

EXHIBITS:

Revision Dates:

A "DISTURBED AREA":

B "SURETY":

10/24/90

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Operator and the Board.

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/049/005 which has been approved by the Division under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim the Disturbed Area in accordance with Operator's approved Reclamation Plan and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.



NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board, which surety is in the form of the surety attached hereto as Exhibit B and made a part hereof. The surety shall remain in full force and effect according to its terms unless modified by the Board in writing. If the surety contract expressly provides for cancellation, then, not less than 30 days, prior to the expiration date of the surety, the Operator shall provide a replacement surety in a form and amount acceptable to the Board. If the Operator fails to so provide an acceptable replacement surety, the Division may order the Operator to cease further mining activities and to begin reclamation of the site. In addition, if the Operator fails to so provide an acceptable replacement surety, the Division may call or draw upon the full amount of existing surety prior to cancellation or expiration.
3. Operator agrees to pay public liability and property damage claims resulting from mining as determined by the Board or the Division, to the extent provided in the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, and the Reclamation Plan.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention and the Reclamation Plan.
6. Operator agrees to indemnify and hold harmless the State, Board and Division from any claim, demand, liability, cost charge, suit, or obligation of whatsoever nature arising from the failure to Operator or Operator's agents, and employees, or contractor to comply with this Contract.
7. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.



8. This Contract shall be governed and construed in accordance with the laws of the State.
9. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including attorneys fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
10. Any breach of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety, or take such other action as is authorized by law.
11. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
12. This Contract represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
13. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

SO AGREED this \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_.

APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY \_\_\_\_\_  
Chairman, Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

By \_\_\_\_\_  
Director

\_\_\_\_\_  
Date

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

On the \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_, personally appeared before me, who being duly sworn did say that he/she, the said \_\_\_\_\_ is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she duly acknowledge to me that he/she executed the foregoing document by authority of law on behalf of the State of Utah.

\_\_\_\_\_  
Notary Public  
Residing at: \_\_\_\_\_

\_\_\_\_\_  
My Commission Expires:

OPERATOR:

Pacific Coast Building Products, Inc. dba

Operator Name: Interstate Brick

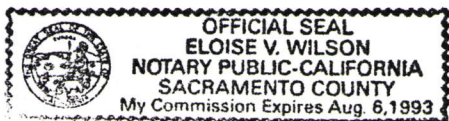
By Nick Kalanges  
Corporate Officer - Position

August 9, 1990  
Date

Nick Kalanges Chief Financial Officer

STATE OF California )  
COUNTY OF Sacramento ) SS:

On the ninth day of August, 19 90, personally  
appeared before me Nick Kalanges who being  
by me duly sworn did say that he/she, the said Nick Kalanges  
is the Chief Financial Officer of P.C.B.P. dba Interstate Brick  
and duly acknowledged that said instrument was signed on behalf of said company by  
authority of its bylaws or a resolution of its board of directors and said  
Nick Kalanges duly acknowledged to me that said  
company executed the same.



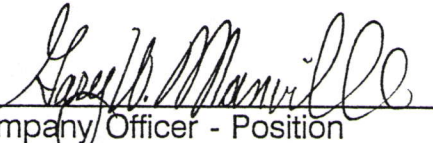
Eloise V. Wilson  
Notary Public  
Residing at: 3001 I Street  
Sacramento, CA 95816

August 6, 1993  
My Commission Expires:



SURETY:


St. Paul Fire & Marine Insurance Company  
Surety Company

By   
Company Officer - Position  
Gary W. Manville Attorney-in-Fact

August 1, 1990  
Date

STATE OF Utah )  
 ) ss:  
COUNTY OF Salt Lake )

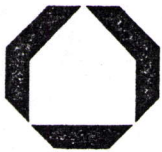
On the 1st day of August, 19 90, personally  
appeared before me Gary W. Manville who being  
by me duly sworn did say that he/she, the said Gary W. Manville  
is the Attorney-in-Fact of St. Paul Fire & Marine Insurance Company  
and duly acknowledged that said instrument was signed on behalf of said company by  
authority of its bylaws or a resolution of its board of directors and said  
Gary W. Manville duly acknowledged to me that said  
company executed the same.

  
Notary Public Sharron Rushton  
Residing at: 649 East South Temple

SLC, UT 84102

7-1-91  
My Commission Expires:

NOTE: An affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Contract.



**PACIFIC COAST**  
building products

3001 I Street  
P.O. Box 160488  
Sacramento, CA 95816  
(916) 444-9304

*m/049/005*

**RECEIVED**  
MAY 25 1990  
DIVISION OF  
OIL, GAS & MINING

May 22, 1990

D. Wayne Hedberg, Permit Supervisor  
State of Utah  
Division of Oil, Gas and Mining  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203

Dear Wayne:

This letter is a follow-up of our earlier phone conversation on this date and will serve to memorialize the topic of that conversation.

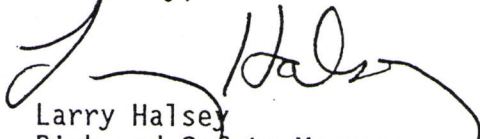
Pacific Coast Building Products, Inc. is now the parent company for Interstate Brick. Interstate Brick will continue to operate under its own name as it has in the past with previous parent companies and will maintain all permits, fees, bonds, board contracts, etc. under its name. The only changes that are anticipated are in financial areas such as bonds where ties between Interstate Brick and Questar have been severed. Interstate is replacing all such bonds.

Communications with Interstate Brick will continue to be with those you have already established a working relationship with. They are:

Lance Jackson, Plant Manager  
Jerry North, Senior Geologist  
Phone: (801)561-1471  
Address: 9780 South 5200 West  
West Jordan, Utah 84088

Please feel free to contact me at any time.

Sincerely,

  
Larry Halsey  
Risk and Safety Manager

cc: Lance Jackson  
Jerry North

Gary Manville  
Nick Kalanges



**FRED A. MORETON & COMPANY**

INSURANCE — SURETY BONDS — EMPLOYEE BENEFITS

RECEIVED  
MAY 17 1990

DIVISION OF  
OIL, GAS & MINING

April 6, 1990

TO: Pamela Grubaugh-Littig, Permit Supervisor  
State of Utah  
Division of Oil, Gas & Mining  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203

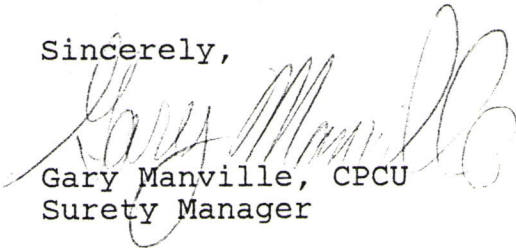
RE: Interstate Brick Company  
Jim Gay Mine, Permit #ACT/049/005  
Original Bond: Seaboard Surety Company  
Replacement Bond: #400HU5750, St. Paul Fire &  
Marine Insurance Company

Dear Ms. Grubaugh-Littig:

The attached bond is being issued as a replacement for the original. As you know, the ownership of Interstate Brick changed, effective March 26, 1990.

Please send us written acknowledgement that effective March 26, 1990, the State recognizes Bond #400HU5750 of the St. Paul Fire & Marine Insurance Company as the bond protecting its interest in the captioned mining property, and that the State releases Bond #104852 of Seaboard Surety Company from any liability subsequent to March 26, 1990.

Sincerely,

  
Gary Manville, CPCU  
Surety Manager

ks



649 EAST SOUTH TEMPLE, P.O. BOX 58139, SALT LAKE CITY, UTAH 84158-0139

Telephone: (801) 531-1234 • Easylink: (USA) 62879947 • TWX: (Internat'l.) 5101004903 • Fax: (801) 531-6117



## EXHIBIT B

MR FORM 5

February 1990  
(Noncoal)

THIS BOND IS REPLACING BOND #104852  
WITH SEABOARD SURETY COMPANY

Bond Number \_\_\_\_\_  
Permit Number ACT/049/005  
Mine Name Jim Gay

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
(801) 538-5340

### THE MINED LAND RECLAMATION ACT

#### SURETY BOND

\*\*\*\*\*

The undersigned Interstate Brick Company  
as Principal, and St. Paul Fire and Marine Insurance Company  
as Surety Company, hereby jointly and severally bind ourselves, our heirs,  
administrators, executors, successors, and assigns unto the State of Utah,  
Division of Oil, Gas and Mining (Division) in the penal sum of Sixty One Thousand Eight  
Hundred Sixteen & No/ dollars (\$ 61,816.00 ).

The Principal estimated in the Mining and Reclamation Plan approved by the  
Division on the 2nd day of October, 1987, that 50  
acres of land will be disturbed by this mining operation in the State of Utah.

Obligations guaranteed by this performance bond shall be in effect for the  
following described lands:

Parts of Sections 7, 12, 13, T. 7 S., R. 1 W., and part  
of Section 7 T. 7 S., R. 1 E. SLB & M

When the Division has determined that the Principal has satisfactorily  
reclaimed the above-mentioned lands affected by mining in accordance with the  
approved Mining and Reclamation Plan and has faithfully performed all  
requirements of the Mined Land Reclamation Act, and complied with the Rules  
and Regulations adopted in accordance therewith, then this obligation shall be  
void; otherwise it shall remain in full force and effect until the reclamation  
is completed as outlined in the approved Mining and Reclamation Plan.

If the approved plan provides for reclamation of the land affected on a  
piecemeal or cyclic basis, and the land is reclaimed in accordance with such  
plan, then this bond may be reduced periodically.

In the converse, if the plan provides for a gradual increase in the area  
of the land affected or increased reclamation work, then this bond may  
accordingly be increased with the written approval of the Surety Company.

This bond may be cancelled by the Surety Company after ninety (90) days following receipt by the Division and the Principal of written notice of such cancellation. The Surety Company's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that the Surety Company will retain liability for any outstanding reclamation obligation of the Principal existing prior to the termination of the Bond.

The Surety Company and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses which the Division may sustain as a result of the Principal's failure to comply with the condition(s) of the obligation.

The Surety Company will give prompt notice to the Principal and to the Division of any notice received or action filed alleging the insolvency or bankruptcy of the Surety Company, or alleging any violations or regulatory requirements which could result in suspension or revocation of the Surety Company's license to do business.

Dated this 26th day of March, 19 90.

State of Utah  
Board of Oil, Gas and Mining

Gregory P. Williams, Chairman

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

Date 3-26-90

Interstate Brick Company  
Principal (Permittee)

By: Rich Balanquez

Title: CHIEF FINANCIAL OFFICER

Date 3-26-90

St. Paul Fire and Marine Insurance Company  
Surety Company

By: Gary W. Manville

Title: Gary W. Manville Attorney-in-Fact

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Assistant Attorney General

NOTE: Where one signs by virtue of Power of Attorney for a Surety Company, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.



## AFFIDAVIT OF QUALIFICATION

Gary W. Manville, being first duly sworn, on oath deposes and says that he/she is the (officer or agent) Attorney-in-Fact of said Surety Company, and that he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety Company is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertakings and obligations.

Signed: \_\_\_\_\_

Gary W. Manville  
Surety Company Officer Gary W. Manville

Title: Attorney-in-Fact

Subscribed and sworn to before me this 26th day of March, 19 90.

Sharron Rushton  
Notary Public  
Sharron Rushton

My Commission Expires:

July 1, 19 91.



September 12, 1988

TO: File

FROM: Scott Johnson *Sub*

RE: Interstate Brick Properties, Montello, M/003/004,  
Koosharem, M/031/002, Cottonwood, M/035/003, Five Mile,  
M/045/006, Smokey Joe, M/049/002, Black, M/049/003, Powell,  
M/049/004, and Jim Gay, M/049/005

I spoke with Gary Liston of Mountain Fuel today concerning the bonding of the Powell Pit (M/049/004). Apparently Questar, the parent company of Interstate Brick, is trying to sell Interstate Brick. In the meantime, all bonding has been put on hold from Mountain Fuel.

I explained to Mr. Liston that we need a reclamation surety regardless of their future plans for Interstate. He will get back with us during the next few days to discuss bonding arrangements.

Also, Mr. Liston mentioned that when they tried to increase the bond for the Powell Pit (see attachment), the Surety Company, United Pacific Insurance Company, stated they do not want to be tied down to a non-cancelable bond.

Attached is a summary of the Interstate Brick Company properties and surety arrangements.

jb  
cc: Lowell Braxton  
Wayne Hedberg  
Holland Shepherd  
L17/12



May 11, 1988

TO: File  
FROM: Frank J. Filas, Reclamation Engineer  
RE: Site Inspection, M/049/005, Jim Gay Mine

I briefly inspected this site on May 10, 1988. It is currently inactive and conditions remain the same as last reported in the fall of 1987.

re  
0783Q/105